

FTF Board Wrap-Up

October 27, 2009

MAJOR OF TOPICS OF DISCUSSION

Child Care Licensing Fees

Arizona Department of Health Services Director Will Humble presented information on a proposal to increase licensing fees of child care centers, nursing homes and hospitals. The state Legislature cut the DHS licensing budget by \$5 million and directed DHS to raise fees to absorb the budget cut.

Director Humble said the proposed fees are not finalized and that DHS is exploring various options to minimize the impact of the fee increase on providers, including asking Governor Brewer to use stimulus funds to lower the cost. Director Humble also asked the board to consider implementing an FTF funding strategy that would help centers with their licensing fees if they enrolled in Quality First.

The board expressed concerns that the proposed fee increases disproportionately impact child care centers, which make less in profits than hospitals and nursing homes. Board members suggested that DHS re-assess how the increases were distributed and let the industries that were better equipped to absorb increased fees have the larger increases. Concerns also were expressed that the Legislature's direction to raise the fees amounted to a tax increase on small businesses. Board members sympathized with providers and suggested additional alternatives, including reaching out to local lenders for temporary support to child care centers.

In terms of FTF support, there was general consensus that assisting with the cost of licensing fees is not the role of FTF within the early childhood system, and that it is the Legislature's responsibility to fund basic health and safety net services (please see next item on Position Statement Regarding Funding Requests in Response to State Budget Cuts).

Position Statement Regarding Funding Requests In Response to State Budget Cuts

The board approved a position statement that FTF funds will not be diverted to replace state budget cuts for safety net programs.

The board directed the FTF Communications staff to work with Chairman Steve Lynn to distribute the position statement to FTF regional council members, staff and various early childhood stakeholder groups, as appropriate. A copy of the position statement and talking points to help FTF staff and regional council members respond to inquiries about FTF funds was sent via email on November 2.

Strategies to Improve Board/ Regional Council Communication

Chairman Lynn and Vice Chair Rhian Evans Allvin met with Regional Council Chairs and Vice Chairs on September 10 to discuss shared governance and the need for improved communication between the board and regional councils. As a result, a study group with board and council participation met to identify specific strategies for improved communication. The group's recommendations were discussed. Several recommendations were adopted immediately, including: an email address where council members could write directly to Chairman Lynn with their questions or concerns; a board wrap-up to help councils understand the context of board decisions; invitations to regional council members to attend Finance and Program Committee meetings; and, outreach to regional councils for input on board decisions.

The board directed staff to explore other options – including maximizing the use of technology – that would help the board learn more about the regions and the work of the regional councils, as well as provide more opportunities for regular dialogue between the board and regional council members.

ACCESS AND AFFORDABILITY STRATEGY

The board expressed concern that FTF has not identified a statewide access and affordability strategy. Because of this, the access and affordability strategies being considered by regional councils may not move FTF toward a common, measureable outcome. The board directed staff to develop a statewide access and affordability strategy as soon as possible. In the mean time, the board will consider access and affordability strategies from the councils as long as those strategies are explicitly linked to quality and are consistent with the FTF Position Statement Regarding Funding Requests in Response to State Budget Cuts (see item on page 1).

EXPECT MORE ARIZONA PRESENTATION

Nicole Magnuson, from Expect More Arizona presented an update on their highly visible statewide campaign to educate Arizonans about the education continuum from birth to career. FTF provided financial support to this effort in its first year. The board later voted to continue supporting Expect More Arizona for two more years at the same level as our education partners in K-12, the community colleges and the state universities (as long as the amount does not exceed \$200,000 per year).

FINANCIAL REPORT

FTF Assistant Director for Finance John Ordini presented the FY2011 budget for statewide, regional, and administrative spending. The sustainability analysis shows that there has been an 8.2% revenue decline of tobacco tax during FY2009 compared to FY2008, with more rapid declines during the last half of FY2009. The financial audit for the 2009 fiscal year was "in compliance with accounting principles."

OTHER BOARD ACTIONS

The board took the following budgetary actions:

*Adoption of programming expenditures for FY2011 totaling \$140,840,896 for outcome evaluations, regional funding grants and agreements, and for statewide initiatives.

*Use of \$1 million from the administration account to conduct as yet unidentified regional program evaluations during FY2011.

*Reductions in fiscal year 2010 statewide initiative budget from \$14.3 million to \$12.8 million as presented by staff. The reduction reflects actual program costs based on updated program usage or updated implementation timeframes.

EXECUTIVE DIRECTOR'S REPORT

Director Hibbs stressed the importance of the framework development and five year plan for systems building. The board suggested a new task force would create this plan over the next months with completion due in the spring of 2010. In Communications, FTF is working with Moses Anshell to develop a strong grassroots campaign. This involves the development of messages and materials needed for both short and long term communications strategies.

The Evaluation Division has completed a draft of the statewide needs and assets report. The board will receive a final draft a week prior to the board meeting in December.

Revenues for September were under \$10 million, the second lowest month since FTF was created and a 27% drop over last year. FTF is \$171,000 under budget for September. Director Hibbs stated that FTF is not filling positions unless they are absolutely necessary. With attrition, one or two positions can be eliminated. The Director is also looking to reduce rent through renegotiations with our landlord. He is also working with the Arizona Department of Administration to look for other space if re-negotiation does not work.

EXECUTIVE SESSION

At the conclusion of Executive Session, Chairman Lynn reported that the board formally, **but with regret**, accepted the resignation of Executive Director Hibbs. The board directed staff to complete a recruitment and interview process for the Executive Director position and to come to the December 8 board meeting with a recommendation.